


CITY OF LOS ANGELES
DEPARTMENT OF WATER AND POWER
INTRADEPARTMENTAL CORRESPONDENCE

Date: February 6, 2019

To: Retirement Board Members

From: Linda P. Le, Retirement Plan Manager 

Subject: Board Agenda Item No. 7b: Discussion of July 1, 2019, Annual Cost of Living Adjustment for Eligible Recipients of Monthly Retirement Plan Benefits; and Possible Action (February 13, 2019, Regular Retirement Board Meeting)

The Water and Power Employees' Retirement, Disability, and Death Benefit Insurance Plan (Plan) provides for an annual Cost of Living Adjustment (COLA) for eligible retirees, surviving spouses/domestic partners/beneficiaries, and Plan members on Permanent Total Disability. As approved by the Retirement Board, pursuant to Board Resolution No. 19-58, the 2019 COLA is based on the CPI for "Los Angeles-Long Beach-Anaheim, CA" as published by the Bureau of Labor Statistics (BLS).

The increase in the CPI used to determine the COLA for July 1, 2019, is 3.8 percent. The maximum annual COLA permitted by the Plan is 3.0 percent for Tier 1 members, 2.0 percent for Tier 2 members, and 3.0 percent for Tier 2 members who purchased the Additional COLA Coverage.

For Tier 1 members, if the increase in the CPI is greater than 3.0 percent, the percentage in excess of 3.0 percent is carried over and added to the person's cost of living bank. For those years when the increase in the CPI is less than 3.0 percent, any balance in the cost of living bank is used to increase the COLA up to the 3.0 percent maximum.

For Tier 2 members, if the increase in the CPI is greater than 2.0 percent, the percentage in excess of 2.0 percent is carried over and added to the person's cost of living bank. The amounts accumulated in the cost of living bank shall only be used for consideration of a discretionary COLA as determined by the Retirement Board for the granting of a Special Cost of Living Adjustment.

The attached resolution provides for a COLA of 3.0 percent, to be effective July 1, 2019, for all eligible recipients of Tier 1 Plan benefits, and 2.0 percent, to be effective July 1, 2019, for all eligible recipients of Tier 2 Plan benefits.

The following documents are attached:

- Resolution No. 19-59
- Correspondence from James G. Tan, Director of Internal Audit, dated January 25, 2019
- Correspondence from Linda P. Le, dated January 15, 2019



Thomas Simonovski
Interim Assistant Retirement Plan Manager

LPL/TS/KM:mea

RESOLUTION TO ADOPT THE JULY 1, 2019, ANNUAL COST OF LIVING ADJUSTMENT FOR ELIGIBLE RECIPIENTS OF MONTHLY BENEFITS FROM THE WATER AND POWER EMPLOYEES' RETIREMENT PLAN

WHEREAS, the Water and Power Employees' Retirement, Disability and Death Benefit Insurance Plan (Plan) sections IV D (16)(b), IV E (10)(b), V D (8)(b), and VII F (8)(b) provide for an annual Cost of Living Adjustment (COLA) for eligible recipients; and

WHEREAS, such increase (or decrease) shall not exceed 3.0 percent for Tier 1 members or 2.0 percent for Tier 2 members; and

WHEREAS, Tier 2 members may purchase an additional COLA coverage not to exceed 1.0 percent in any given year that the CPI exceeds 2.0 percent; and

WHEREAS, the COLA percentage shall be determined based upon the change in the Consumer Price Index (CPI) for "Los Angeles-Long Beach-Anaheim, CA" statistical area, as published by the Bureau of Labor Statistics (BLS) pursuant to Board Resolution No. 19-58; and

WHEREAS, the increase in the CPI used to determine the COLA for July 1, 2019, is 3.8 percent; and

WHEREAS, the Los Angeles Department of Water and Power Internal Auditors have verified the accuracy of the COLA, effective July 1, 2019; and

WHEREAS, the percentage of increase in excess of 3.0 percent shall be accumulated and carried over from year to year, until exhausted and included in the calculation of subsequent adjustments in such allowances for Tier 1; and

WHEREAS, the percentage of increase in excess of 2.0 percent shall be accumulated and carried over from year to year for consideration of a discretionary COLA as determined by the Retirement Board for the granting of a Special COLA for Tier 2 allowances.

NOW, THEREFORE, BE IT RESOLVED that the Retirement Plan Manager is hereby directed to implement a COLA adjustment of 3.0 percent for eligible Tier 1 monthly allowances, and 2.0 percent for eligible Tier 2 monthly allowances, effective July 1, 2019.

BE IT FURTHER RESOLVED that the Retirement Plan Manager is hereby directed to record the remaining CPI in excess of the maximum percents allowable under the Plan in the respective cola banks.

I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of the Resolution adopted by the Retirement Board at its meeting held on February 13, 2019.



Linda P. Le
Retirement Plan Manager

CITY OF LOS ANGELES
DEPARTMENT OF WATER AND POWER
INTRADPARTMENTAL CORRESPONDENCE

Date: January 25, 2019
To: Linda P. Le – Retirement Plan Manager
From: *J* James G. Tan, Director of Internal Audit
Subject: Verification of COLA Increase for Retirees Effective July 1, 2019

At the request of management of the Water and Power Employees' Retirement Plan (Plan), we verified the accuracy of the proposed Cost-of-Living-Adjustment (COLA) to be effective July 1, 2019. The proposed COLA will be submitted to the Retirement Board for approval on February 13, 2019.

Based on our review, the increase in the CPI used to determine the COLA for July 1, 2019 is 3.0 percent for Tier I members and 2.0 percent for Tier II members.

We determined that the maximum annual cost of living increase permitted by the Plan is 3 percent for Tier I members, 2 percent for Tier II members, and 3 percent for Tier II members who choose to purchase the Additional COLA Coverage when the CPI exceeds 2 percent.

For Tier I members only, if the increase in the annual CPI is greater than 3 percent, the percentage in excess of 3 percent is carried over and added to each retiree's cost of living bank; and if the increase in the annual CPI is less than 3 percent, any balance in a retiree's cost of living bank is used to increase the cost of living adjustment up to the 3 percent maximum.

The annual CPI was reported as 3.8 percent. However, since the maximum is capped at 3 percent for Tier I members and 2 percent for Tier II members, we conclude that the COLA adjustments effective July 1, 2019, to be approved by the Retirement Board on February 13, 2019, will be 3 percent for each Tier I member and 2 percent for each Tier II member.

This review did not include a complete verification of the cost of living banks or the resulting monthly allowance to be paid to each retiree. However, we found that changes and adjustments made to the cost of living banks between fiscal years 2001-2002 and 2018-2019 are accurate.

Attached as Exhibit 1 is the CPI verified by Internal Audit.

JT:jp

Attachment

c: Ann M. Santilli

Kathy Fong

Monette Carranceja

Veronica Mendez

Thomas Simonovski

Kendrick Mah

James G. Tan

Lucy Chou

Daniel Kim

Verified by LADWP Internal Auditor

**CPI-All Urban Consumers (Current Series)
Original Data Value**

Series Id: CUURS49ASA0
 Not Seasonally Adjusted
 Series Title: All Items in Los Angeles-Long Beach-Anaheim, CA, all urban consumers, not seasonally adjusted
 Area: Los Angeles-Long Beach-Anaheim, CA
 Item: All Items
 Base Period: 1982-84=100
 Years: 2008 to 2018

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2008	220.918	221.431	223.606	224.625	226.651	229.033	229.688	228.484	227.449	228.159	222.229	219.820	225.008	224.377	225.636
2009	220.719	221.439	221.376	221.693	222.522	223.906	224.010	224.507	225.226	225.264	224.317	223.943	223.219	221.943	224.495
2010	224.610	224.620	225.483	225.916	226.430	225.877	225.991	226.373	226.048	226.794	225.941	226.639	225.694	225.491	226.298
2011	228.652	229.729	232.241	233.319	233.367	232.328	231.303	231.633	233.022	233.049	232.731	231.587	231.928	231.600	232.251
2012	233.441	234.537	236.041	236.066	237.032	236.025	235.776	237.222	238.104	240.111	237.675	236.042	236.648	235.607	237.488
2013	238.015	239.753	239.995	239.043	239.346	239.723	238.920	239.219	239.611	239.940	238.677	238.742	239.207	239.229	239.165
2014	239.857	241.059	242.491	242.437	243.362	243.528	243.727	243.556	243.623	243.341	241.753	240.475	242.434	242.122	242.746
2015	239.724	241.297	243.738	243.569	246.093	245.459	247.066	246.328	245.431	245.812	245.711	245.357	244.632	243.313	245.951
2016	247.155	247.113	247.873	248.386	249.554	249.789	249.784	249.700	250.145	251.088	250.185	250.189	249.246	248.309	250.184
2017	252.373	253.815	254.525	254.971	255.674	255.275	256.023	256.739	257.890	258.883	259.135	259.220	256.210	254.439	257.982
2018	261.235	263.012	264.158	265.095	266.148	265.522	266.007	266.665	268.032	269.482	269.560	267.631	265.962	264.195	267.730

3.8% =(265.962-256.210)/256.210
 Round to the nearest one-tenth of one percent (0.1%)
 Verified and Recalculated by Internal Audit Staff

UNITED STATES DEPARTMENT OF LABOR
 BUREAU OF LABOR STATISTICS
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Data extracted on: January 22, 2019 (6:32:04 PM)

CPI-All Urban Consumers (Current Series)

Series Id: CUURS49ASA0
 Not Seasonally Adjusted
 Series Title: All Items in Los Angeles-Long Beach-Anaheim, CA, all urban consumers, not seasonally adjusted
 Area: Los Angeles-Long Beach-Anaheim, CA
 Item: All Items
 Base Period: 1982-84=100

Download: [XLS](#)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2008	220.918	221.431	223.606	224.625	226.651	229.033	229.688	228.484	227.449	228.159	222.229	219.820	225.008	224.377	225.636
2009	220.719	221.439	221.376	221.693	222.522	223.906	224.010	224.507	225.226	225.264	224.317	223.943	223.219	221.943	224.495
2010	224.610	224.620	225.483	225.916	226.430	225.877	225.991	226.373	226.048	226.794	225.941	226.639	225.694	225.491	226.298
2011	228.652	229.729	232.241	233.319	233.367	232.328	231.303	231.633	233.022	233.049	232.731	231.587	231.928	231.600	232.251
2012	233.441	234.537	236.041	236.066	237.032	236.025	235.776	237.222	238.104	240.111	237.675	236.042	236.648	235.607	237.488
2013	238.015	239.753	239.995	239.043	239.346	239.723	238.920	239.219	239.611	239.940	238.677	238.742	239.207	239.229	239.165
2014	239.857	241.059	242.491	242.437	243.362	243.528	243.727	243.556	243.623	243.341	241.753	240.475	242.434	242.122	242.746
2015	239.724	241.297	243.738	243.569	246.093	245.459	247.066	246.328	245.431	245.812	245.711	245.357	244.632	243.313	245.951
2016	247.155	247.113	247.873	248.386	249.554	249.789	249.784	249.700	250.145	251.088	250.185	250.189	249.246	248.309	250.184
2017	252.373	253.815	254.525	254.971	255.674	255.275	256.023	256.739	257.890	258.883	259.135	259.220	256.210	254.439	257.982
2018	261.235	263.012	264.158	265.095	266.148	265.522	266.007	266.665	268.032	269.482	269.560	267.631	265.962	264.195	267.730

12-Month Percent Change

Series Id: CUURS49ASA0
 Not Seasonally Adjusted
 Series Title: All Items in Los Angeles-Long Beach-Anaheim, CA, all urban consumers, not seasonally adjusted
 Area: Los Angeles-Long Beach-Anaheim, CA
 Item: All Items
 Base Period: 1982-84=100


Download: [XLS](#)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2008	3.9	3.1	3.3	3.1	3.7	5.4	5.7	5.1	4.5	3.4	1.0	0.1	3.5	3.8	3.3
2009	-0.1	0.0	-1.0	-1.3	-1.8	-2.2	-2.6	-1.7	-1.0	-0.4	0.9	1.8	-0.8	-1.1	-0.5
2010	1.8	1.4	1.9	1.9	1.8	0.9	0.9	0.8	0.4	0.7	0.7	1.3	1.2	1.6	0.8
2011	1.8	2.3	3.0	3.3	3.1	2.9	2.4	2.4	3.1	2.8	3.0	2.2	2.7	2.7	2.6
2012	2.1	2.1	2.6	1.5	1.6	1.6	1.9	2.3	2.2	3.0	2.1	1.9	2.0	1.8	2.3
2013	2.0	2.2	1.3	0.9	1.0	1.4	1.3	0.8	0.6	-0.1	0.4	1.1	1.1	1.5	0.7
2014	0.8	0.5	1.0	1.4	1.7	1.8	2.0	1.8	1.7	1.4	1.3	0.7	1.3	1.2	1.5
2015	-0.1	0.1	0.5	0.5	1.1	0.8	1.4	1.1	0.7	1.0	1.6	2.0	0.9	0.5	1.3
2016	3.1	2.4	1.7	2.0	1.4	1.8	1.1	1.4	1.9	2.2	1.8	2.0	1.9	2.1	1.7
2017	2.1	2.7	2.7	2.7	2.5	2.2	2.5	2.8	3.1	3.1	3.6	3.6	2.8	2.5	3.1
2018	3.5	3.6	3.8	4.0	4.1	4.0	3.9	3.9	4.1	3.6	3.2	3.8	3.0	3.0	3.6

**CITY OF LOS ANGELES
DEPARTMENT OF WATER AND POWER
INTRADEPARTMENTAL CORRESPONDENCE**

Date: January 15, 2019

To: James Tan, Director of Internal Audit

From: Linda P. Le, Retirement Plan Manager 

Subject: Request for Verification: Cost-of-Living-Adjustment (COLA) Increase for Retirees, Surviving Spouses/Beneficiaries and Members on Permanent Total Disability Effective July 1, 2019

The Water and Power Employees' Retirement, Disability, and Death Benefit Insurance Plan Section IV E (10), V D (8), and VII F (8) provides for annual COLAs for eligible retirees, surviving spouses/domestic partners/beneficiaries, and members on Permanent Total Disability. These cost of living adjustments are based on the Consumer Price Index (CPI) for the Los Angeles-Long Beach-Anaheim, California - Metropolitan area as published by the Bureau of Labor Statistics. The maximum annual cost of living increase permitted by the Plan is 3.0% for Tier I members, 2.0% for Tier II members, and 3.0% for Tier II members who purchased the Additional COLA Coverage.

For Tier I members only, if the increase in the CPI is greater than 3.0%, the percentage in excess of 3.0% is carried over and added to the person's cost of living bank. For those years when the increase in the CPI is less than 3.0%, any balance in the cost of living bank is used to increase the cost of living adjustment up to the 3.0% maximum.

The increase in the CPI used to determine the cost of living adjustment for July 1, 2019 will be **3.0% for Tier I members and 2.0% for Tier II members.**

The Plan allows for increases and decreases in the monthly allowance as noted below:

- Tier I Members
 - *Subject to the Provisions of This Subdivision (10) every monthly retirement allowance ...on the first day of July of each year, by a percentage of such allowance then being paid, which shall equal to the nearest one-tenth of one percent (0.1%) the percentage of annual increase or decrease in the cost of living during the preceding calendar year, provided that on or after July 1, 1973, such increase or decrease shall not in any event exceed three percent (3%) of any such allowance in any year. [Section IV E (10) (a) (i) and (ii)]*
- Tier II Members
 - *Subject to the provisions of this subdivision, every monthly retirement allowance to a retired member under this Section VII F, or if not living, to his or her beneficiary under Option (b) or Option (c) of Section VII F (6)(a), and every monthly allowance payable pursuant to Section VII F (7) to an Eligible Spouse, Domestic Partner, surviving spouse or surviving Domestic Partner, excluding therefrom any portion thereof which is attributable to a member's additional contributions, shall be increased or decreased on the first day of July of each year, by a percentage of such allowance then being paid, which shall equal, to the nearest one-tenth of one percent (0.1 %), the percentage of annual increase or decrease in the cost of living during the preceding calendar year; provided that such increase or decrease shall not in any event exceed two percent (2%) of*

any such allowance in any year. Benefits which first become payable after the first day of July in a given year shall be adjusted on the same terms and in the same manner as provided in Section IV E (1 O)(f). [Section VII F(8)].

- *Members shall be allowed to purchase additional post-retirement cost of living adjustment (COLA) coverage, not to exceed an additional 1% per year, to be paid only to the extent that the Consumer Price Index used to compute the benefit provided in Section VII F (8) in any given year exceeds 2%. The member shall be required to pay the full actuarial cost for this coverage by a permanent reduction in his or her retirement allowance at the time of retirement. Adjustments provided under this division (9) shall not limit the right to receive adjustments awarded under division (10) below. [Section VII F(9)].*
- **Members on Permanent Total Disability**
 - *Subject to the provisions of this subdivision (8), every disability allowance for Permanent Total Disability payable pursuant to this Section V D, shall be increased or decreased ...as of the first day of July of each year, by a percentage of such allowance then being paid, which shall be equal, to the nearest one-tenth of one percent (0.1%), the percentage of annual increase or decrease in the cost of living during the preceding calendar year; provided that on and after July 1, 1973, such increase or decrease shall not in any event exceed three percent (3%) of any such allowance in any year for members of Tier 1 nor two percent (2%) of any such allowance in any year for members of Tier 2. [Section V D (8) (a)].*
 - *The COLA percentage shall be determined based upon the Consumer Price Index (CPI) (Los Angeles-Riverside-Orange County, CA Metropolitan Area-- All Items) for "All Urban Consumers" as published by the Bureau of Labor Statistics. [Section IV E (10)(b), V D (8)(b), and (VII F (8)(b)].*

For 2018, the Los Angeles-Riverside-Orange County, CA statistical area is now Los Angeles-Long Beach-Anaheim, CA.

We request that Internal Audit verify the accuracy of the COLA effective July 1, 2019, to be approved by the Board of Administration of the Water and Power Employees' Plan (Plan) on February 13, 2019.

We have attached the relevant sections of the Plan, data from the Bureau of Labor Statistics, and schedules for "Adjustments Paid" and "Retirees' CPI Bank".

Should you require any further information, please call Kendrick Mah at (213) 367-1907 or Thomas Simonovski at (213) 367-1676.

LPL/KM:km
Attachments

c: Linda P. Le
Thomas Simonovski *TS*
Monette Carranceja
Veronica Mendez
Kendrick Mah
Lucy Chou

day of the calendar month next preceding the month in which the surviving spouse or Domestic Partner dies. Notwithstanding the above, should a plan member who is an Unrepresented Employee (currently designated as Bargaining Unit V for payroll purposes) or a plan member represented for benefit purposes by Local 18 of the International Brotherhood of Electrical Workers or by the Management Employees Association die on or after October 1, 2002, when the requirements of Plan Section VI D (7) are met the monthly allowance for the surviving spouse or Domestic Partner of this deceased member shall be that which such surviving spouse or Domestic Partner would have been entitled to as the member's designated beneficiary had the member retired on the day next preceding the day of his or her death and elected Option (d) (Joint or Survivor Retirement Allowance) specified in Plan Section IV E (9). Such monthly allowance shall be calculated in accordance with the provisions of and shall include the actuarial factor for Option (d) (Joint or Survivor Retirement Allowance). Notwithstanding anything to the contrary herein, the allowance payable hereunder shall terminate as of the last day of the calendar month next preceding the month in which the surviving spouse or Domestic Partner dies. As of the date of this plan amendment, DWP Management is in the process of finalizing negotiations with certain DWP bargaining units and other unrepresented employees, possibly extending this benefit to plan members who are represented for benefit purposes by such bargaining units or who are unrepresented. This paragraph shall also apply to plan members who are represented for benefit purposes by such bargaining units or who are unrepresented, with the same force and effect, provided the Board of Administration receives a properly certified Resolution, by the Board of Water and Power Commissioners, entitling those plan members to this benefit, conditioned upon such resolution becoming final as provided in Charter Section 245.

(10) Post-Retirement Cost of Living Adjustment

(a) Subject to the Provisions of This Subdivision (10)

- (i) every monthly retirement allowance to a member who retires on or after March 1, 1973, or if not living, to his beneficiary under Option (b) or Option (c) of subsection E (6) of this Section IV, and
 - (ii) every monthly allowance to an Eligible Spouse, surviving spouse or surviving Domestic Partner of a member who retires on or after March 1, 1973, excluding therefrom any portion thereof which is attributable to a member's additional contributions, payable pursuant to this Section IV E, shall be increased or decreased on the first day of July of each year, by a percentage of such allowance then being paid, which shall equal, to the nearest one-tenth of one percent (0.1%), the percentage of annual increase or decrease in the cost of living during the preceding calendar year; provided that such increase or decrease shall not in any event exceed three percent (3%) of any such allowance in any year.
- (b) Determination of the percentage of annual increase or decrease in the cost of living shall be made by the Board of Administration on or before the first day of April of each year, by reference to the Consumer Price Index (Los Angeles-Riverside-Orange County, CA-- All Items) as published by the Bureau of Labor Statistics of the United States Department of Labor for each of the two immediately preceding calendar years. The percentage by which such index for the more recent full calendar year shall have varied from such index for the full calendar year immediately prior thereto shall be the percentage used to calculate adjustments in the such allowances pursuant to paragraph (a) of this subdivision.
- (c) The percentage of increase or decrease in the cost of living in any calendar year which is in excess of the maximum amount of annual increase or decrease provided in paragraph (a) of this subdivision shall be accumulated and carried over to the next succeeding calendar year and added to or subtracted from the percentage of increase or decrease in the cost of living for such succeeding calendar year and included in the calculation of adjustments in such allowances effective the first day of July next following such succeeding calendar year. Any portion of such excess not included in such calculation in any year as a result of the limitation in the maximum amount of annual increase or decrease provided in paragraph (a) of this subdivision, shall be similarly accumulated and carried over from year to year until exhausted and included in the calculation or subsequent adjustments in such allowances.

or lien against any Workers' Compensation which may be awarded the member or his or her dependents as a result of such injury or disease, or by the member directly, or both, and further agreeing that if reimbursement is not so made, the amount of the benefits so advanced or any remaining balance thereof will be repaid before any monies then or thereafter owed by the City of Los Angeles, the Department or the Plan, including death benefits due a beneficiary, are paid.

If it is finally determined by the Industrial Accident Commission that such disability did not result from injury or disease arising out of and in the course of employment, the amount of the Contingent Disability benefits so advanced shall be deducted from the amount of any benefits for Temporary Disability to which the member is entitled under the provisions of the Retirement Plan for such disability.

If, within a reasonable time as determined by the Board, the member fails to file and diligently prosecute an application in the Industrial Accident Commission to be paid Workers' Compensation for such disability, or if the award of said Commission on such application is adverse to the member but does not determine whether or not such disability resulted from injury or disease arising out of and in the course of the member's employment, the Board, for the purposes of this subdivision and of Section V B (1)(e) only, shall thereupon make such determination with the same consequences as though it had been made by the Industrial Accident Commission.

(8) Cost of Living Adjustment to Permanent Total Disability Allowances

- (a) Subject to the provisions of this subdivision (8), every disability allowance for Permanent Total Disability payable pursuant to this Section V D, shall be increased or decreased as of July 1, 1970, and thereafter as of the first day of July of each year, by a percentage of such allowance then being paid, which shall be equal, to the nearest one-tenth of one percent (0.1%), the percentage of annual increase or decrease in the cost of living during the preceding calendar year; provided that on and after July 1, 1973, such increase or decrease shall not in any event exceed three percent (3%) of any such allowance in any year for members of Tier 1 nor two percent (2%) of any such allowance in any year for members of Tier 2.
- (b) Determination of the percentage of annual increase or decrease in the cost of living shall be made by the Board of Administration on or before the first day of April of each year by reference to the Consumer Price Index (Los Angeles-Long Beach Metropolitan Area--All Items) as published by the Bureau of Labor Statistics of the United States Department of Labor for each of the two immediately preceding calendar years. The percentage by which such index for the more recent full calendar year shall have varied from such index for the full calendar year immediately prior thereto shall be the percentage used to calculate adjustments in such allowances pursuant to paragraph (a) of this subdivision. Commencing January 1, 1978, said Consumer Price Index shall be the Consumer Price Index (Los Angeles-Riverside-Orange County, CA - All Items) for "All Urban Consumers (CPI-U)".
- (c) The percentage of increase or decrease in the cost of living in any calendar year which is in excess of the maximum amount of annual increase or decrease provided in paragraph (a) of this subdivision, shall be accumulated and carried over to the next succeeding calendar year and added to or subtracted from the percentage of increase or decrease in the cost of living for such succeeding calendar year and included in the calculation of adjustments in such allowances effective the first day of July next following such succeeding calendar year. Any portion of such excess not included in such calculation in any year as a result of the limitation in the maximum amount of annual increase or decrease provided in paragraph (a) of this subdivision, shall be similarly accumulated and carried over from year to year until exhausted and included in the calculation of subsequent adjustments in such allowances. The provisions of this subdivision shall not apply to members of Tier 2 except for purposes of determining their entitlement to a discretionary increase pursuant to Section V D (8)(j) herein.

A lesser retirement allowance payable monthly to the member for life, with a whole percentage specified by the member which is higher than fifty (50%) and less than one-hundred (100%) payable monthly thereafter to his or her Eligible Spouse or Domestic Partner.

The provisions of said Subsection F (6), as they relate to the time and manner of electing and revoking Option (b) and Option (c) thereof, shall govern in those respects to Options (d) and (e).

(d) Benefit Limitations

The provisions of this division (7) shall not apply to the Eligible Spouse or Domestic Partner of a member who is designated as beneficiary under either Option (b) or Option (c) of Subsection F (6) of this Section VII; nor shall said provisions apply to any member who upon retirement is not entitled to receive a minimum pension under Subsection F of this Section VII or to the Eligible Spouse or Domestic Partner of such member.

An Eligible Spouse or Domestic Partner shall not be entitled to receive more than one monthly allowance under the provisions of subdivision (b) of this division (7) for the same period. Any person who qualifies for such allowance through the deaths of two or more retired members may elect in writing which allowance to receive.

(e) Survivor Benefit (Death before Retirement)

Should a plan member die prior to retirement leaving a surviving spouse or surviving Domestic Partner who qualifies for and elects to receive the survivor's optional death benefit allowance provided in Section VI D (7), the monthly allowance for the surviving spouse or surviving Domestic Partner of this deceased member shall be that which such survivor would have been entitled to as the member's designated beneficiary had the member retired on the day next preceding the day of his or her death and elected Option (d) (Joint or Survivor Retirement Allowance) specified in Section VII F (7). Such monthly allowance shall be calculated in accordance with the provisions of and shall include the actuarial factor for Option (d) (Joint or Survivor Retirement Allowance). Notwithstanding anything to the contrary herein, the allowance payable hereunder shall terminate as of the last day of the calendar month next preceding the month in which the surviving spouse or Domestic Partner dies.

(8) Post-Retirement Cost of Living Adjustment

- (a) Subject to the provisions of this subdivision, every monthly retirement allowance to a retired member under this Section VII F, or if not living, to his or her beneficiary under Option (b) or Option (c) of Section VII F (6)(a), and every monthly allowance payable pursuant to Section VII F (7) to an Eligible Spouse, Domestic Partner, surviving spouse or surviving Domestic Partner, excluding therefrom any portion thereof which is attributable to a member's additional contributions, shall be increased or decreased on the first day of July of each year, by a percentage of such allowance then being paid, which shall equal, to the nearest one-tenth of one percent (0.1%), the percentage of annual increase or decrease in the cost of living during the preceding calendar year; provided that such increase or decrease shall not in any event exceed two percent (2%) of any such allowance in any year. Benefits which first become payable after the first day of July in a given year shall be adjusted on the same terms and in the same manner as provided in Section IV E (10)(f).
- (b) Determination of the percentage of annual increase or decrease in the cost of living shall be made by the Board of Administration on or before the first day of April of each year, by reference to the Consumer Price Index (Los Angeles-Riverside-Orange County, CA-- All Items) as published by the Bureau of Labor Statistics of the United States Department of Labor for each of the two immediately preceding calendar years. The percentage by which such index for the more recent full calendar year shall have varied from such index for the full calendar year immediately prior thereto shall be the percentage used to calculate adjustments in such allowances pursuant to paragraph (a) of this subdivision.

- (c) No such allowance shall be reduced by operation of this subdivision below the amount payable on the effective date of retirement of the member to or on account of whom such allowance is payable, whichever is later.
- (d) The provisions of this subdivision shall apply only to such allowances payable to or on account of those members who qualify for the Minimum Pension D pursuant to Subsection F of this Section VII at the time of retirement or survivors of Tier 2 members who receive the survivors optional death benefit allowance provided in Section VI D (7). The provisions of this subsection shall not apply to those persons who qualify for the Minimum Pension D pursuant to Subsection G of this Section VII.

(9) Purchase of Additional COLA Coverage

Members shall be allowed to purchase additional post-retirement cost of living adjustment (COLA) coverage, not to exceed an additional 1% per year, to be paid only to the extent that the Consumer Price Index used to compute the benefit provided in Section VII F (8) in any given year exceeds 2%. The member shall be required to pay the full actuarial cost for this coverage by a permanent reduction in his or her retirement allowance at the time of retirement. Adjustments provided under this division (9) shall not limit the right to receive adjustments awarded under division (10) below.

(10) Discretionary Post-Retirement Cost of Living Adjustments

(a) Purchasing Power Reserve

Once allowances become payable pursuant to Section VII F, the Board of Administration shall maintain an annual record of the percentage increase or decrease in the cost of living in each calendar year which is in excess of the maximum amount of annual increase or decrease provided in subdivision (a) of division (8) of this subsection for each person whose benefit is subject to adjustment pursuant to division (8), which amounts shall be accumulated for consideration of a discretionary COLA adjustment pursuant to the provisions of this division.

(b) Calculation of Accumulated Percentages

Beginning no later than April 1 of the fourth year after allowances first become payable under Section VII F, and thereafter on or before the first day of April of not less than every third calendar year, the Board of Administration shall calculate the total of the percentages accumulated pursuant to subdivision (a) of this division since allowances first became payable or since the most recent discretionary cost of living review, as applicable.

(c) Determination by Board of Administration of Special Cost of Living Adjustment

Taking into consideration the total of the percentages that have so accumulated as determined in subdivision (b) of this division, the Board of Administration shall determine whether a special cost of living increase is warranted.

(d) Discretionary COLA Adjustment

If the Board of Administration determines that a special cost of living increase is warranted, it shall then determine by resolution the percentage by which every monthly allowance which is subject to adjustment pursuant to division (8), excluding therefrom any portion thereof which is attributable to a member's additional contributions, shall be increased the next following first day of July in addition to the regular annual cost of living adjustment provided in division (8); provided that in no case shall the total cost of said discretionary cost of living adjustment exceed four percent of the total monthly allowances being paid under Section VII F as of the first day of the immediately preceding January; and, provided further that in no case shall the monthly

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CPI-All Urban Consumers (Current Series)

Series Id: CUURS49A5A0
 Not Seasonally Adjusted
 Series Title: All items in Los Angeles-Long Beach-Anaheim, CA, all urban consumers, not seasonally adjusted
 Area: Los Angeles-Long Beach-Anaheim, CA
 Item: All items
 Base Period: 1982-84=100

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Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2008	220.918	221.431	223.606	224.625	226.651	229.033	229.886	228.484	227.449	226.159	222.229	219.620	225.008	224.377	225.638
2009	220.719	221.439	221.376	221.693	222.522	223.906	224.010	224.507	225.226	225.264	224.317	223.643	223.219	221.943	224.495
2010	224.610	224.620	225.483	225.916	226.438	225.877	225.991	226.373	226.048	226.794	225.941	226.639	225.894	225.491	226.298
2011	228.652	229.729	232.241	233.319	233.367	232.328	231.303	231.833	233.022	233.049	232.731	231.567	231.928	231.606	232.251
2012	233.441	234.537	236.941	236.866	237.032	236.025	235.776	237.222	238.104	240.111	237.675	236.042	236.648	235.807	237.488
2013	238.015	239.753	239.995	239.043	239.346	239.223	238.920	239.219	239.611	239.940	238.677	238.742	239.207	239.229	239.185
2014	239.857	241.059	242.491	242.437	243.362	243.528	243.727	243.556	243.623	243.341	241.753	240.475	242.434	242.122	242.746
2015	239.724	241.297	243.738	243.569	246.093	245.459	247.066	246.328	245.431	245.812	245.711	245.357	244.632	243.313	245.951
2016	247.155	247.113	247.873	248.368	249.554	249.789	249.784	249.700	250.145	251.098	250.185	250.189	249.246	248.309	250.184
2017	252.373	253.815	254.525	254.971	255.674	255.275	256.023	256.739	257.890	258.883	259.135	259.220	256.210	254.439	257.982
2018	261.235	263.012	264.158	265.095	266.148	265.522	266.007	266.665	268.032	269.482	268.560	267.631	265.962	264.195	267.730

12-Month Percent Change

Series Id: CUURS49A5A0
 Not Seasonally Adjusted
 Series Title: All items in Los Angeles-Long Beach-Anaheim, CA, all urban consumers, not seasonally adjusted
 Area: Los Angeles-Long Beach-Anaheim, CA
 Item: All items
 Base Period: 1982-84=100

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Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2008	3.9	3.1	3.3	3.1	3.7	5.4	5.7	5.1	4.5	3.4	1.0	0.1	3.5	3.8	3.3
2009	-0.1	0.0	-1.0	-1.3	-1.8	-2.2	-2.6	-1.7	-1.0	-0.4	0.9	1.8	-0.8	-1.1	-0.5
2010	1.8	1.4	1.9	1.9	1.8	0.9	0.9	0.8	0.4	0.7	0.7	1.3	1.2	1.6	0.8
2011	1.8	2.3	3.0	3.3	3.1	2.9	2.4	2.4	3.1	2.8	3.0	2.2	2.7	2.7	2.6
2012	2.1	2.1	2.0	1.5	1.6	1.6	1.9	2.3	2.2	3.0	2.1	1.9	2.0	1.8	2.3
2013	2.0	2.2	1.3	0.9	1.0	1.4	1.3	0.8	0.6	-0.1	0.4	1.1	1.1	1.5	0.7
2014	0.8	0.5	1.0	1.4	1.7	1.8	2.0	1.8	1.7	1.4	1.3	0.7	1.3	1.2	1.5
2015	-0.1	0.1	0.5	0.5	1.1	0.8	1.4	1.1	0.7	1.0	1.6	2.0	0.9	0.5	1.3
2016	3.1	2.4	1.7	2.0	1.4	1.8	1.1	1.4	1.9	2.2	1.8	2.0	1.9	2.1	1.7
2017	2.1	2.7	2.7	2.7	2.5	2.2	2.5	2.8	3.1	3.1	3.6	3.6	2.8	2.5	3.1
2018	3.5	3.6	3.8	4.0	4.1	4.0	3.9	3.9	3.9	4.1	3.6	3.2	3.8	3.8	3.8

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